

EXHIBIT 1

INTRODUCTION

The Communication Workers of America, District 9 Political Education Committee (hereafter “CWA”) is a state general purpose campaign committee. CWA was formed in 1977, and has been continuously active making contributions to candidates for elective state and local office. At all relevant times, Anthony Bixler was the committee’s treasurer and William Quirk was the committee’s assistant treasurer.

In September 1999, Enforcement Division staff learned during a routine audit drawing that CWA had not filed campaign statements for the 1997-1998 reporting period. Staff subsequently determined that CWA had actually filed its last campaign statement in 1995, and had not filed any further campaign statements. The committee was active during this time, as the Secretary of State’s computer database revealed that CWA made contributions totaling over \$100,000 in state elections during that time.

Following contact by Commission staff, Respondents filed the delinquent campaign statements for calendar years 1996 through 1999 in August and November of 2000. Respondents also filed the required campaign statements for calendar year 2000. After retaining the services of a political law firm, Respondents voluntarily filed amendments to all campaign statements filed for calendar years 1996 through 2000 correcting errors and omissions in the original filings.

For the purposes of this stipulation, the violations of the Political Reform Act (the “Act”)¹ are stated as follows:

- COUNTS 1 - 8: Failure to timely file eight semiannual campaign statements between 1996 and 1999, in violation of Section 84200, subdivision (a).
- COUNT 9: Failure to timely file a pre-election campaign statement in 1996, in violation of Section 84200.5, subdivision (d).
- COUNTS 10 – 11: Failure to timely file two pre-election campaign statements in 1998, in violation of Section 84200.5, subdivision (d).
- COUNTS 12 – 13: Failure to file two late contribution reports for late contributions made in 1998, in violation of Section 84203, subdivision (a).
- COUNT 14: Failure to report a \$25,000 contribution on a pre-election campaign statement filed in 2000, in violation of Section 84211, subdivision (k).

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All references to “Section(s)” are to the aforementioned Government Code unless otherwise indicated. Commission regulations appear at Title 2, California Code of Regulations, section 18109, *et seq.* All references to “Regulation(s)” are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

RESPONDENTS: Communication Workers of America, District 9 Political Education Committee, William Quirk, and Anthony Bixler

SUMMARY OF THE LAW

Section 81002 provides that campaigns shall fully and truthfully disclose information regarding receipts and expenditures in election campaigns in order to fully inform the public and inhibit improper practices. The Act established a campaign reporting system to accomplish this purpose.

Section 82013, subdivision (a) defines a "committee" as any person or combination of persons who directly or indirectly receives contributions totaling \$1,000 or more in a calendar year.

Pursuant to Section 84200, subdivision (a), a committee, which has qualified as a committee under Section 82013, subdivision (a), shall file semiannual campaign statements each year no later than July 31 for the six month period ending June 30, and no later than January 31 for the six month period ending December 31. Section 84211 prescribes that certain information must be disclosed on campaign statements, which are required to be filed, including contributions received, and expenditures made by the committee. Section 84211, subdivision (k)² requires the disclosure of specific information for all expenditures of \$100 or more made during the period covered by the campaign statement, including the name and street address of the person to whom the expenditure was made, the amount of the expenditure, and a brief description of the consideration that was received for the expenditure.

In addition to semiannual campaign statements, Section 84200.5, subdivision (d) requires a state general purpose committee, formed pursuant to Section 82013, subdivision (a), to file pre-election campaign statements during even-numbered years, if it makes contributions or independent expenditures totaling \$500 or more during the period covered by the pre-election campaign statement. The filing guidelines for these pre-election statements are found in Section 84200.8.

For the November election period, a first pre-election statement must be filed no later than 40 days before the election, for the reporting period ending 45 days before the election. (Section 84200.8, subd. (a).) Committees must also file a second pre-election campaign statement no later than twelve days before the election, for the reporting period ending seventeen days before the date of the election. (Section 84200.8, subd. (b).)

Pursuant to Section 82036, a "late contribution" includes any contribution of \$1,000 or more that is made to a candidate controlled committee before the date of the election at which the candidate is to be voted on, but after the closing date of the last campaign statement which is required to be filed before the election. Pursuant to Section 84203, the committee making the late contribution must file a "late contribution report" within 24 hours of the time when the contribution is made, and must disclose the name, address, and employer of the contributor and the recipient.

² Prior to the amendment of Section 84211 in 2000, subdivision (k) was identified as subdivision (j).

SUMMARY OF THE FACTS

COUNTS 1 – 8

Respondent CWA has been a state general purpose committee with campaign filing obligations since 1977. In September 1999, the Enforcement Division learned that the committee last filed a campaign statement for reporting periods in 1995. In April 2000, Commission staff contacted the committee, advised committee staff of their non-filing status since January 1996, and requested compliance.

Following Commission contact, Respondents filed campaign statements for calendar years 1996, 1997 and 1998 on August 14, 2000, and filed a campaign statement for 1999 on November 8, 2000. Some of these filings omitted the disclosure of contributions or contained other errors and omissions. In June 2001, Respondents retained the services of the political law firm of Olson, Hagel, Waters & Fishburn LLP, for advice and assistance with the Commission's pending enforcement action. On August 14, 2001, Respondents filed amendments to their previous filings, properly disclosing the contributions received and expenditures made over a five year period.

The semiannual campaign statements filed for 1996 through 1999 reflect the following information:

<i>CT</i>	<i>Period Reported on Camp. Statement</i>	<i>Semiannual Camp Stmt Due</i>	<i>Date Filed</i>	<i>Date Amended</i>	<i>Amended Contributions</i>	<i>Amended Expenditures</i>
1	03/10/96 to 06/30/96	07/31/96	08/14/00	08/14/01	5,324	3,675
2	10/20/96 to 12/31/96	01/31/97	08/14/00	08/14/01	4,845	17,021
3	01/01/97 to 06/30/97	07/31/97	08/14/00	08/14/01	11,756	8,354
4	07/01/97 to 12/31/97	01/31/98	08/14/00	08/14/01	10,142	4,454
5	05/17/98 to 06/30/98	07/31/98	08/14/00	08/14/01	7,936	3,550
6	10/01/98 to 12/31/98	01/31/99	08/14/00	08/14/01	133,623	136,772
7	01/01/99 to 06/30/99	07/31/99	11/08/00	08/14/01	7,203	5,130
8	07/01/99 to 12/31/99	01/31/00	11/08/00	08/14/01	5,667	4,932

CWA received all of its contributions from CWA COPE - PCC, the parent organization located in Washington D. C. Expenditures were primarily in the form of campaign contributions to state and local elected officials or candidates. By failing to timely file the foregoing eight semiannual campaign statements, Respondents violated Section 84200, subdivision (a).

COUNT 9

Respondents made expenditures of \$500 or more during the reporting period from July 1, 1996 to September 30, 1996, and therefore, were required to file a pre-election campaign statement by October 5, 1996. Based on the original campaign statement filed on August 14, 2000 for calendar year 1996, and the amendments filed on August 14, 2001, Respondents received contributions totaling \$29,378 and made expenditures totaling \$28,600 during this pre-election campaign reporting

period. The failure to timely file a pre-election campaign statement by October 5, 1996, for the reporting period from July 1, 1996 to September 30, 1996, constitutes a violation of Section 84200.5, subdivision (d).

COUNTS 10 – 11

Respondents made expenditures of \$500 or more during the reporting periods from January 1, 1998 to May 16, 1998 and July 1, 1998 to September 30, 1998. They were therefore required to file pre-election campaign statements for these periods by May 21, 1998 and October 5, 1998, respectively. Based on the original campaign statement filed on August 14, 2000 for calendar year 1998, and the amendments filed on August 14, 2001, Respondents received contributions totaling \$10,541 and made expenditures totaling \$28,847 during the pre-election campaign reporting period from January 1, 1998 to May 16, 1998. Respondents also made contributions totaling \$155,649 and expenditures totaling \$152,000 during the pre-election reporting period from July 1, 1998 to September 30, 1998.³

Respondents' failure to timely file a first pre-election campaign statement in 1998 by May 21, 1998, and their failure to file a second pre-election campaign statement in 1998 by October 5, 1998, constitute two violations of Section 84200.5, subdivision (d).

COUNTS 12 – 13

Respondents' semiannual annual campaign statement filed for the period from October 1, 1998 to December 31, 1998 revealed that two late contribution reports should have been filed prior to the November 3, 1998 general election. The late contributions that should have been reported are as follows:

<i>Date of contribution</i>	<i>Recipient</i>	<i>Amount</i>	<i>Date LCR Due</i>
10/22/98	Gray Davis for Governor	\$50,000	10/23/98
10/23/98	Nell Soto for 61 st State Assembly	1,000	10/24/98
10/23/98	Sally Havice for Assembly	1,000	10/24/98
10/23/98	Sal Cannella for Assembly	1,000	10/24/98
10/23/98	Bustamante for Lt. Governor	1,000	10/24/98

Based on the foregoing, respondents should have filed a late contribution report on October 23, 1998, reporting the \$50,000 contribution to Gray Davis. Respondents should have filed another late contribution report on October 24, 1998, reporting the four \$1,000 late contributions to four other state candidates. Respondents' failure to file these two late contribution reports constitutes two violations of Section 84203, subdivision (a).

³ Of the total \$152,000 in expenditures, two contributions - \$50,000 on 07/17/98 and \$100,000 on 09/17/98 – were made to the “Gray Davis for Governor” campaign committee.

COUNT 14

Following Commission contact, Respondents began filing campaign statements for calendar year 2000. On May 18, 2000, they filed a pre-election campaign statement for the period from January 23, 2000 to February 19, 2000, reporting that no contributions were received and \$4,500 in expenditures were made. On September 25, 2000, Respondents filed a campaign statement for the period from January 1, 2000 to June 30, 2000, disclosing that no contributions were received, and that \$16,200 in expenditures were made. On February 1, 2001, Respondents filed an amendment for calendar year 2000, reporting that they received \$43,272 in contributions from CWA COPE – PCC, and made \$25,200 in expenditures during that year.

After retaining the law firm of Olson, Hagel, Waters & Fishburn LLP in June 2001, amendments to the 2000 campaign statements were filed on August 14, 2001. The amendment for the reporting period from January 23, 2000 to February 19, 2000 revealed that Respondents made a \$25,000 contribution to the California Democratic Party on February 17, 2000, which was not previously disclosed. Respondents' failure to timely report this \$25,000 expenditure constitutes a violation of Section 84211, subdivision (k).

CONCLUSION

Respondents were grossly negligent in failing to file campaign statements over a four year period. They were further negligent in not properly reporting all of their political activity, including the source of their contributions, on statements that were initially filed in August and November 2000.

CWA has a prior history of campaign reporting violations. In 1994, the Franchise Tax Board (the "FTB") completed an audit of the committee's campaign statements, for the reporting period from January 1, 1991 through December 31, 1992. The audit found that the CWA failed to file a pre-election campaign statement for the period from March 18, 1992 through May 16, 1992. The findings were forwarded to the Commission in November 1994, and the case was closed with a warning letter to the committee in February 1995.

In 1997, the FTB completed another audit of the committee's statements for the reporting period from January 1, 1993 through December 31, 1994. The audit found that the CWA failed to file a late contribution report, a supplemental pre-election campaign statement, and a semiannual campaign statement. These findings were forwarded to the Commission in May 1997, and the case was again closed with a warning letter in July 1997.

CWA is an experienced, long-standing committee, and William Quirk, who was identified as the treasurer for calendar years 1996, 1997 and 1998, previously served as the CWA treasurer between 1991 and 1992. Mr. Quirk currently serves as the assistant treasurer, and Anthony Bixler is the committee's treasurer.

Following contact by Commission staff, Respondents attempted to comply with the Act's disclosure requirements by filing delinquent campaign statements covering a period of over four years. During this time, they also attempted to keep current with their filing obligations by preparing and filing campaign statements for their activities in 2000. In June 2001, Respondents retained the

services a political law firm, and amended all prior campaign statements to correctly report their political activities over a five year period. Throughout this matter, Respondents cooperated with the Commission's investigation.

This matter consists of fourteen counts which carry a maximum possible administrative penalty of Twenty Eight Thousand Dollars (\$28,000.00). While this case is aggravated by the fact that CWA has previously been warned by Commission staff about failing to comply with the Act's disclosure requirements, it appears that CWA has now made a serious effort to bring itself into compliance with the Act, and has instituted procedures to try to maintain compliance in the future. As such, the facts of the case, including the mitigating and aggravating factors discussed above, justify imposition of the agreed upon penalty of Twenty Six Thousand and Five Hundred dollars (\$26,500.00).